

# BENEFACTOR

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Justice for Everybody Harms Nobody

Three Cents

## QUESTIONS AND ANSWERS IN UP-TO-THE MINUTE ECONOMICS BY ALFRED LAWSON UNLESS YOU KNOW THESE THINGS YOU ARE NOT EDUCATED

### AUTHOR OF DIRECT CREDITS:

*I understand that your Benefactor will educate its readers in modern Economics and explain Direct Credits for Everybody. Will you please tell me what Direct Credits means?*

*M.C.D., Pasadena, Calif.*

### ANSWER:

Direct Credits is a name given to an economic plan originated by Alfred Lawson, whereby everybody will receive the full value of their earnings because there will be no charge made for credit to anybody.

The Direct Credits Plan was copyrighted in 1931.

According to this plan, the Government, who are men and women appointed by Everybody as their managers, will issue sufficient money for all trade purposes and loan it direct to the manufacturer, merchant, builder, farmer, promoter, inventor and working man and woman without interest.

Besides stopping the deadly practice of paying interest to the middleman who pretends to own the money, Direct Credits will issue a living credit to all children from the time they are born and to old folks past 65 years of age.

It also includes many other beneficial features for everybody. But for one to understand this advanced system it is necessary to study the entire plan from the book, Direct Credits for Everybody, which outlines the whole system in its complete form.

Direct Credits is so perfectly economic that it takes nothing from anybody but gives everything to everybody.

### AUTHOR OF DIRECT CREDITS:

*Has the man who invented the Direct Credits System, which is attracting attention everywhere, had sufficient practical experience to enable him to understand economics from all of its different viewpoints?*

*V.L.F., New York City.*

### ANSWER:

Several books have been published about the practical work

Alfred Lawson has accomplished and these should be read to obtain a knowledge of the character of the man.

However, in this brief space we will say this: First; Alfred Lawson has devoted 50 years to the study of Economics, both ancient and modern. Second; he has organized more than fifty corporations, clubs, leagues and associations of one kind or another. Third; at one time in his career he managed eight corporations at one time. Fourth; he has been a Laborer and he has been a Capitalist so he can see both points of view. Fifth; he was the leader in the early development of air transportation, he helped to build the foundation of the aircraft industry. He published an aircraft magazine in 1908 to educate the people along those lines before those words were even used. In fact, he coined the word aircraft. He designed airplanes for the Government during the first world war and refused to take any salary for his work. Living expenses was all he would accept. He invented the first airliner in the world, built the first 18 seater and flew it from Milwaukee to Washington and return in 1919. His flying license for that trip was the first large air transport pilot's license ever issued. He invented the two tier cabin for airplanes, busses and railroad cars, which cuts the cost of passenger traffic almost in half. He edited several magazines and wrote several books, some of them on economics. A brief story of his life can be found in the International Encyclopedia of Aviation Biography, or a more extended account of his labors can be found in a 200 page book entitled, "The Airliner and Its Inventor," or in the larger 304 page book, "Lawson - Aircraft Industry Builder."

From the time Alfred Lawson sold newspapers on the streets as a boy and organized baseball clubs and leagues as a young man to the time he became the Commander-in-Chief of the Direct Credits Society he has always been the leader.

### AUTHOR OF DIRECT CREDITS:

*What will the Bankers do if the Government lends money without charging interest on it? Won't they have to go out of business?*

*F.S., Detroit, Mich.*

### ANSWER:

The bankers will do just what they are now doing except that they will be able to sleep nights with clear consciences. They will be glad that their nightmare has passed and that they do not have to take the widow's mite or the baby's milk in order to live happily. However, they will then be working for the United States Government instead of working for the International Financiers.

### AUTHOR OF DIRECT CREDITS:

*What will be done about the interest outstanding on bonds, and notes and other loans that has already been contracted for? Will that be cancelled or paid?*

*S.B., Jacksonville, Fla.*

### ANSWER:

Under Direct Credits every debt that has been lawfully contracted for will have to be paid. But as soon as Direct Credits begins to operate, the wheels of industry will turn so fast and wealth for everybody will be produced so quickly that paying three hundred billion dollars of back interest bearing indebtedness will not take very long. It is the ever increasing interest upon interest that devours the vital organs of mankind and produces periodical depressions to afford time for the financiers to take over the property of everybody in lieu of unpaid interest.

### AUTHOR OF DIRECT CREDITS:

*I have a mortgage on a woman's home that pays me \$180.00 a year in interest. Must I lose that under Direct Credits?*

*J.A.B., Omaha, Neb.*

### ANSWER:

A large number of people are just so situated. They will probably worry more because they cannot continue to extract that \$180.00 a year through their strangle hold with a mortgage on the widow's home than they do

now when paying \$10,000 a year in interest and taxes in other ways. We believe that it will be better all around for one to stop extracting the \$180.00 a year from someone else and be able to save the \$10,000 a year being paid to others.

### AUTHOR OF DIRECT CREDITS:

*If you issue all the money necessary to carry on all business of the country, will we not have inflation of the currency and make the money valueless?*

*C.McD., Detroit, Mich.*

### ANSWER:

No, because according to the Lawson Plan, money will have no value whatsoever but will merely act as a measure for the value of Land, Products or Labor.

The Lawson Money System is balanced as the equaeverypoise so it can be utilized as a trade convenience by everybody without loss to anybody. All people will derive equalized benefits from the utilization of it.

This money system will be owned, controlled and operated by the people, themselves, under the management of their trustee—the government.

The money will be loaned to the people by the government, acting as trustee without any charges for its use whatsoever.

The government will have the power to recall the money instead of having to redeem it.

As the money will have no value in this system the quantity of it issued will not effect its purchasing power.

Therefore, as the quantity issued will not effect its purchasing power, money, according to the Lawson System cannot be inflated or deflated. It cannot be stretched or shrunk in the measurement of value any more than a yard can be stretched or shrunk in the measurement of distance.

As security for its own money the people will pledge the entire wealth of their country which will give it a backing equal to its utilization.

To understand the Lawson Money System one should read the book, "Know Business."

### AUTHOR OF DIRECT CREDITS:

*You desire to dispense with the gold "standard." While gold may not be a "standard," yet it is an international medium of exchange, and accepted by all nations and all people as such. Would not the psychological effect of its discontinuance be disastrous?*

*C.D., Detroit, Mich.*

### ANSWER:

It should be apparent to the most disinterested person that the continuation of Gold as a standard of money has already been proved most disastrous without trying to prove it will be disastrous if a change is made.

The annual business transacted in the United States under normal conditions is about \$100,000,000,000 and that much credit has been established with less than \$10,000,000,000 of Gold as security which is entirely insufficient for the purpose even though Gold should have some intrinsic value which it has not.

But, by putting the entire wealth of the nation, valued at about \$400,000,000,000 back of its money as security it would make no difference what its money was made out of as long as the people through their government put their stamp of approval upon it and accept it as the standard of money for all trading purposes.

A constant value of exchange placed upon the monies issued by two or more countries is a very simple matter to arrange between them.

### AUTHOR OF DIRECT CREDITS:

*Would it be possible under Direct Credits, for Municipal Detroit to borrow from the Government \$400,000,000, the amount of their indebtedness and stop payment of \$20,000,000 interest?*

*F.L., Detroit.*

### ANSWER:

Yes! It will be possible for the City of Detroit to borrow from the United States Government under Direct Credits Laws, \$400,-

000,000, without interest to pay off their indebtedness and then pay off the principal itself to the U. S. A. in annual installments equal in size to the interest installments they are now making, thus paying the principal with the money saved in interest. Magic? No, just horse sense.

AUTHOR OF DIRECT CREDITS:

What establishes the value of the Dollar unit under Direct Credits?

J.R., Wisconsin.

ANSWER:

The unit Dollar, in Direct Credits has no value at all. It is merely the yard stick of measurement of the relative values of products or services.

The values of services or products are not given them by the Dollar but are just measured by the dollar. A quart bottle will measure milk but not give it value or quality.

AUTHOR OF DIRECT CREDITS:

I am now past 50 and all of my wealth has been swept away by the Depression at a time when I thought that I was comfortably situated for the rest of my days. My parents died when I was young and left me properties and money in banks valued at a Quarter of a Million Dollars from which I was enabled to live like a gentleman from the interest upon the money and mortgages and rents upon the real estate. etc.

Now everything has been taken from me by the financial sharks and I am absolutely helpless and crushed in spirit. Tell me, good man, is there any hope left for me in this dreary world?

F.N., Pennsylvania.

ANSWER:

The scales that balance all things have tipped you back to the lower end of the teeter-totter.

The law of maneuverability now demands that you repay that which you have taken from others.

The system which you thought was right when you forced others to pay you "legal" interest upon the money that you thought you owned has at last taken its toll upon you in spite of the fact that you thought you were smart enough to beat it. And it has crushed you at a time when you are least able to combat it. That is action and reaction.

However, there is still hope for a gentleman who would go through life without any tangible return for his food and shelter, and you still have time to repair the damage you have done through upholding a system that has crushed the life out of innocent babies and feeble old folks, and there is still a chance left for you to make peace with your Maker by deeds of reparation instead of resorting to the squeal of a pig that has begun to feel the sharp edge of the knife.

By now working day and night for the rest of your life to establish and maintain "Direct Credits for Everybody" your past mistakes can be remedied, and by forgetting yourself, henceforth, and working for the benefit of everybody you will enjoy the only real happiness that is to be had in this world.

AUTHOR OF DIRECT CREDITS:

Please tell me where, with Direct Credits in operation, will the money come from. Without Gold how will it get its value?

G.K., Delaware.

ANSWER:

The Government will print the money and it will have no value. It will be used as a trade convenience and loaned to everybody for that purpose only. Those who use money will borrow it from the Government without interest. It will not belong to the borrower but will be merely loaned to him for trading purposes and must be paid back to the Government whenever it is recalled.

As an example: Manufacturers needing money to buy materials and pay workmen will borrow it from the Government without interest for that purpose. This money will be paid to the workmen by the manufacturers. The workmen will spend this money with the merchants buying the products of the

manufacturers. Then the merchants will pay this money to the manufacturers for the products they received from them. The manufacturers will then give this money they receive from the merchants back to the Government from whom they borrowed it in the first place to pay their workmen.

So far as money is concerned everything has been squared up. In the meantime, however, a lot of real wealth has been produced and distributed which benefits everybody. From this it can be understood why money has no value and how it is used as a trade convenience in various transactions during the production and distribution of wealth. It is the wealth that has the value, not the money.

Under Direct Credits the Dollar will be a unit of measurement through which the value of products will be gauged just as the foot is a unit in the measurement of distance.

AUTHOR OF DIRECT CREDITS:

With Direct Credits there will be so much wealth produced that it will be easy for everybody to get plenty of it. Won't that make the bum who is too lazy to work feel less like working than ever?

D.M., Chicago.

ANSWER:

The Direct Credits System was not created for bums who are too lazy to work. But even if the same proportion of bums should exist under Direct Credits as there are now, that is no reason why we should not lend manufacturers money without interest to enable them to open their factories so that men who are not bums can go to work and support their families.

It is possible that there may be a few half-wits too lazy to work under the System of Direct Credits, but they will be poor bums, not rich bums who pretend to own the money and make slaves of everybody.

AUTHOR OF DIRECT CREDITS:

I know a farmer who bought 200 acres of land for \$40,000 and gave a mortgage on it for \$10,000. He now pays \$700 a year interest and another \$700 a year in taxes, making \$1,400 altogether. Last year the farm brought in but \$1,200, so his interest and taxes amounted to more than he could get out of the farm. What he would like to know is, how would Direct Credits improve his situation.

F.S., Detroit.

ANSWER:

Well, to begin with, under Direct Credits he could borrow \$10,000 from a Government Bank without interest to pay off the mortgage. This would save him \$700 a year that he is now paying in interest. In the second place he will have no taxes to pay on the farm at all, which will save him another \$700 a year in taxes. This will make a combined saving of \$1,400 a year for the farmer. Now, if he wants to he can use a part of those savings annually to pay off the mortgage and finally he will own the farm free and clear of all superfluous taxation.

AUTHOR OF DIRECT CREDITS:

According to Direct Credits, as I understand it, property owners will have no taxes at all to pay as the cost of running the Federal, State, County and Municipal Governments and all public improvements will be paid by industry at its source and its cost will then be added to the cost of the product. How, then, would the farmer pay his share of running the Government and public improvements?

L.D., Oklahoma.

ANSWER:

The farmer will pay his share of Government expenses just the same as everybody else. Whenever the farmer buys a suit of clothes, some farm implements or any other manufactured product he will be helping to pay government expenses.

AUTHOR OF DIRECT CREDITS:

I have read a lot about expert economists who are said to be the authorities on International Finance and the only ones that we must listen to when we consider

the money problem. Just who are these experts?

L.V., Brooklyn.

ANSWER:

They are the ones who write cross-puzzles for the people to try and understand. They are the ones whom the people have been putting their faith and confidence in during the past. They are the ones who have misled into their present financial difficulties, people who believed in them, and they are the ones who are not yet satisfied with the mess they have made of things but who want to get the people still further into the mire. They are the ones who think that people have no more sense than cattle and that it makes no difference what they tell them, or how often they deceive them, the people will still continue to believe them as long as they mystify the people with puzzling misinformation. They are the ones whom the foolish people will still call upon for advice as their heads are about to disappear under the surface of the financial bogs of despair. Clever birds are these financial authorities.

AUTHOR OF DIRECT CREDITS:

What will prevent people hoarding money under Direct Credits the same as they do now?

C.K.M., St. Paul, Minn.

ANSWER:

Under Direct Credits nobody will own the money. It will be loaned to the people by the Government for convenience in trade only. It will be loaned to them to spend and if they do not spend it they will get nothing for that which they gave for it. They must spend it for something or other in order to get something in return for the services or materials they gave for it.

The Government will have the right to recall the money any time it deems necessary to check up on hoarding and will issue new money to take its place. All old money not returned to the Government for exchange with the new money within a certain time will become void and useless for trade purposes. Therefore people will lose their money if they do not spend it. Wealth is all they can keep.

AUTHOR OF DIRECT CREDITS:

There is a well defined movement in the world at the present time to put our monetary system on a bimetallic basis. Would not bimetalism solve the money problem?

C.McD., Detroit.

ANSWER:

No! Decidedly not. Neither monometalism, bimetalism, trimetalism or any number of metals that might be used for coinage would solve the problem because, it is not the kind of money we use that is the cause of financial difficulties but the manner in which money is manipulated. It is not the kind of material of which money is made that gives it its purchasing power but it is the security that backs it up.

Give me a piece of tin weighing ounces upon which the Government of the U. S. A. pledge to pay me one million dollars in wealth and which is backed up by all of the wealth of the U. S. A., amounting to \$400,000,000,000, as security and I will take the tin in preference to pounds of gold or silver that is not backed up by sufficient wealth security to insure its collectability.

It is because there is insufficient money for trading purposes and insufficient security to back up the money and credits, that those who control the money are able to manipulate it in such a way through banks, credits and interest that the people are milked of their wealth completely.

Paper money is the most convenient money to handle for trading purposes and aside from small amounts, such as pennies, nickels, dimes and quarters, paper money is all that is needed for a monetary system if the proper amount of wealth is pledged as security for trade payment.

AUTHOR OF DIRECT CREDITS:

As the machine is improved and human effort in production is decreased would not the slowing down of production be the solution of our present economic difficulties?

B.F., St. Louis, Mo.

ANSWER:

No, because our present economic difficulties do not arise from over-production but are caused by defective distribution through lack of efficiency in our financial system.

The control of our money system by financiers makes it possible to control and regulate production and distribution of wealth for the benefit of the few to the detriment of the many. It is Finance, not Industry, that causes all of our economic troubles. Direct Credits for Everybody is the only cure for them.

AUTHOR OF DIRECT CREDITS:

What is your method of taxing the people to meet the cost of running the government and making Public Improvements? Is it something like the Manufacturers Sales Tax?

G.R.M. Seattle, Wash.

ANSWER:

Direct Credits for Everybody will abolish taxes altogether. That means that there will be no taxes at all. Therefore, the so-called Manufacturers Sales Tax can in no way be compared with "Taxes Will Be Eliminated," as outlined in the book, "Direct Credits for Everybody." You should read that book.

AUTHOR OF DIRECT CREDITS:

What is the difference between interest and profit?

A Socialist, Cincinnati, O.

ANSWER:

There is as much difference between interest and profit as there is between nothing and something.

The financier who charges interest gives nothing in return for the money or wealth that you give to him while the capitalist who makes a profit gives you something in return for the money, wealth or labor that you give to him.

Adding nothing to nothing makes interest. Adding something to something makes profit.

The manufacturer who makes a so-called profit off of labor in reality puts his own labor, skill and plans into the product as well as the mechanic and is therefore entitled to something for his share when the complete product is marketed.

And, just as one salesman, who puts into his work more time, skill and effort will receive more commission than another salesman who puts into his work less time, skill and effort, so the manufacturer who puts into his productive work the most time, skill and effort should receive the most profit.

And just so with the merchant, farmer or builder, they must all receive a just reward for their constructive efforts.

Profit is merely their reward for something they have given to benefit mankind.

AUTHOR OF DIRECT CREDITS:

Henry George proposed to tax heavily all unimproved land and lightly all improved land. What effect will Direct Credits have upon "Single Taxers"?

S. T., New York.

ANSWER:

It should have a good effect upon them because Direct Credits will abolish taxes altogether and thus give them more than they asked for. Those who improve property will have no taxes at all to pay. In fact, the word tax will become obsolete and all arguments and troubles caused by taxes and tax collectors will be but a sickly remembrance.

The only reason taxes were invented was to have a method to fleece the public under the cloak of paying the cost of Governmental operation and public improvements.

Under Direct Credits the cost of running the Government and making public improvements each year will be estimated in advance and charged to the source of industry. By this method at least 85% of the cost of collection and leakage will be saved.

For more details read "Taxes will be eliminated," beginning on page 58 in the book, "Direct Credits for Everybody."

AUTHOR OF DIRECT CREDITS:

Marx, the great Socialist Philosopher, advocated the elimination of the Capitalist Class by the Laboring Class as a necessary cure for the economic ills of humanity. What have you to say about that?

S. B. D., Boston, Mass.

ANSWER:

The Capitalist, as a factor in economic disturbances has to a very large extent been eliminated already; but not by the Laboring Class as Marx prescribed. He has been overthrown by Finance.

When Marx was alive the Capitalist was in the saddle and rode roughshod, over the Laboring Class. But since then the rougher rider, Finance, unhorsed him and now gallops with demon-like fury over everybody.

Heretofore, while Capital and Labor fought over the division of the wealth, Finance came along and took the bulk of it.

The Capitalist, who organizes industry and introduces economic methods into production and distribution, produces, together with Labor, all of the wealth. While on the other hand the Financier, who neither plants, nor builds or produces anything of value, absorbs most of the wealth. This idiotic arrangement is accomplished by allowing the non-productive Financier to control the money we use as a medium of exchange for trade purposes and then making the people pay for the use of it through various slippery Credit methods.

But the elimination of the Capitalist as a power has not made matters better for the Laborer, but made them worse for him. While the Capitalist used to work the Laborer long hours for small wages, the Financier will not even let him work at all. So Direct Credits shows that Capital and Labor must stand together for self-preservation or they will both be reduced to serfdom by Finance.

The Economics of Marx is a half century behind the times. He, apparently, did not know the difference between Capital and Finance and bunched them together as one and the same.

There is as much difference between Capital and Finance as there is between milk and a sponge.

Capital is wealth, and wealth is anything and everything made valuable by human effort. Finance is a vacuum that absorbs wealth through a fraudulent medium of exchange. It takes everything and gives nothing. Capital is the milk and Finance is the Sponge.

If the splendid men and women who are the followers of Marx will carefully read the book, "Direct Credits for Everybody," they will realize that we are teaching Economics as-is today instead of as-was fifty years ago.

At present Finance is swallowing Capital and crushing Labor. So, unless Capital and Labor combine at once as outlined by "Direct Credits for Everybody" they are both in for an unmerciful licking.

AUTHOR OF DIRECT CREDITS:

Is there any good reason why under Direct Credits Laws the people should pay rent to landlords?

L. N., Little Rock, Ark.

ANSWER:

Yes, there is a very good reason. There are two kinds of people—one who wants to own their own homes and stay in one locality and one who does not want to own their own homes and be tied down to one locality.

The landlord is a blessing to those who want to move about from place to place and do not want to take the responsibility of owning and caring for real property.

If the landlord is willing to give his time, skill and effort in building and caring for homes for travelers, then he is entitled to a just reward for his work in doing so. He therefore is paid for his work in the shape of rents.

Direct Credits stands for justice for everybody and that means landlords, too.